

GOVERNMENT OF TELANGANA
A B S T R A C T

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of loan of Rs.407.20 crores from Vijaya Bank for execution of Intra village system for providing drinking water in two segments i.e., 1) SRSP-Balkonda_Nizamabad and 2)SRSP-Adilabad segment under Mission Bhagiratha with an estimated cost of Rs.552.90 crore (including IDC)- Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) EPARTMENT

G.O.Rt.No.210.

Dated:27.03.2018.

Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept., dt.15.05.2015.
2. G.O.Rt.No.665, PR&RD (RWS.IV) Dept., Dated: 28.10.2017.
3. From the Vijaya Bank, Corporate Banking Branch, Hyderabad, dated:26.2.2018.
4. From the ENC, RWS&S, Hyderabad, Lr.No.A2/TDWSP/Vijaya Bank Phase-V/ 2017-18, Dt.2.3.2018 and 15.3.2018.

&&&

ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 4th read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Vijaya Bank for sanction of term loan for execution of Intra village system for providing drinking water in two segments namely 1) SRSP-Balkonda_Nizamabad and 2) SRSP-Adilabad Segment under Mission Bhagiratha with a total estimated cost of Rs.552.90 crore (including IDC of Rs.44.00 crore). In response to their request, the Vijaya Bank, Hyderabad in the 3rd read above have sanctioned the loan amount of Rs.407.20 crores out of the total project cost of Rs.552.90 crore (including IDC of Rs.44.00 crore) subject to approval of terms and conditions by the Government. As such, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above two segments and issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Vijaya Bank.
3. In the reference 2nd read above, Government have issued orders according permission to the Managing Director, TDWSCL to take further loan of Rs.6,365.22. crores as against the total project cost of Rs.7,956.52 crores (from any bank) duly extending the Govt. guarantee and providing required margin money of Rs.1591.30 crores through budgetary support.
4. In pursuance of the orders issued in the ref 2nd read above, and after examination of the matter, Government hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.407.20 Crores (Rupees Four hundred Seven crores and Twenty Lakhs only) from the Vijaya Bank for execution of Intra village system for providing drinking water in two segments namely 1) SRSP-Balkonda_Nizamabad and 2) SRSP-Adilabad Segment under Mission Bhagiratha with an estimated cost of Rs.552.90 crore (including IDC of Rs.44.00 crore), as per the terms and conditions of Vijaya Bank at the Rate of interest (RoI): One Year MCLR (8.50%) +0.55% i.e. 9.05% p.a. at present, at monthly rests.

(PTO)

::2::

5. She is also permitted to execute the loan agreement with Vijaya Bank either by herself or authorize the ENC, RWS&S & Director, TDWSCL, Hyderabad along with any other Director if required, as per resolution of the Board meeting of TDWSCL, dated: 10.11.2017. Government of Telangana will stand as guarantee for repayment of loan taken from Vijaya Bank covering principal and interest. The State margin money (i.e., 20% project cost) of Rs.101.70 crores (Rupees One hundred One crores and Seventy lakhs only) will be met by the Government of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended as annexure to this order.

6. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

7. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.973-B/26/A1/2018, dt.17.3.2018.

8. This order is available on online and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

SMITA SABHARWAL
SECRETARY TO GOVERNMENT (RWS)(FAC)

To

The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister,

The Finance (DCM) Department.

The PS to Special Chief Secretary, (RWS)

The Engineer -in-Chief, RWS&S, Hyderabad.

The Vijaya Bank, Hyderabad through ENC, RWS&S, Hyderabad.

The Advisor to Govt., RWS&S.,

SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd....Annexure)

ANNEXURE to the G.O.Rt.No.210, PR&RD (RWS.IV) Dept., Dated.27.3.2018

The terms and conditions approved by the Government

| | | | |
|----|--|---|---|
| 1. | Name and address of the Borrower/s | M/s Telangana Drinking Water Supply Corporation Limited Room No 302, 3rd Floor, SRTGN Bhavan, Erramanzil Colony, Hyderabad 500082 CIN: U41000TG2015SGC097790 | |
| | | PAN | AAFCT2610P |
| | | Constitution of the borrower | Limited Company |
| | | Line of activity | To provide drinking water for the entire state of Telangana |
| | | Customer ID | 111844049 |
| 2. | Name and address of the Guarantor/s | Unconditional and Irrevocable guarantee of Government of Telangana State guaranteeing the repayment of Principal and Interest. | |
| | | PAN No./s | Not Applicable |
| 3. | Nature of facility (Secured/Unsecured) | | Secured |
| 4. | Type of Loan (WC/TL etc) | | Term Loan |
| 5. | Amount sanctioned | Rs. in crore | |
| | | Nature | Sanction |
| | | | Existing Fresh |
| | | Term Loan-5 (Fresh) | -- 407.20 |
| | | Term Loan-4 | 55.00 To continue |
| | | Term Loan-3 | 228.00 |
| | | Term Loan- 2 | 500.00 |
| | | Term Loan-1 | 632.00 |
| | | Total | 1415.00 1822.20 |
| 6. | Purpose of Loan (Term Loan 5 – Fresh) | To part fund the following segment for supply of drinking water under Mission Bhagiratha for intra Village transmission system: TL –V: Segment I – For construction of Intra village system for Providing drinking water to SRSP-Balkonda_Nizamabad segment at total estimated cost of Rs.552.90 crores (including IDC of Rs.44.00 crore). | |
| 7. | Details of security/ies | | As below: |

a. Primary securities:

| | |
|-------------|--|
| Facility | Security |
| Term Loan 1 | Exclusive Charge by way of hypothecation of project assets [Mancherial&Chennur and Kadem - Khanapur Segment] created out of term loan funded. |
| Term Loan 2 | First pari passu Charge by way of hypothecation of project assets [Godavari – Kothagudem, Dummugudem Segment] created out of term loan funded. |
| Term Loan 3 | Exclusive Charge by way of hypothecation of project assets [Mancherial&Chennur and Kadem - Khanapur Segment] created out of term loan funded. |
| Term Loan 4 | First pari passu Charge by way of hypothecation of project assets [Godavari – Kothagudem, Dummugudem Segment] created out of term loan funded. |
| Term Loan 5 | Exclusive Charge by way of hypothecation of project assets [SRSP-Balkonda-Nizamabad Segment] created out of term loan funded. |
| [Fresh] | First pari passu charge on the entire revenues of the project. |

b. **Collateral Security:** --Nil--

However, the exposure shall be secured by Unconditional and Irrevocable guarantee of Government of Telangana State guaranteeing the repayment of Principal and Interest.

| | | | |
|----|-----------------------------------|------------------------------|---|
| 8. | Rate of interest | Fixed or Floating | Floating |
| | | Rate: | Term Loan 5 (Fresh) 1 year MCLR (8.50%) + 0.55% p.a. i.e. 9.05% p.a. at present, at monthly rests. |
| | | Reset clause, if any | One Year |
| | | Penal Interest | 2% |
| | In case of NFB facilities | Commission | Not Applicable |
| | | Cash margin | Not Applicable |
| 9. | Terms of repayment for Term Loans | Holiday period, if any | Repayable in 48 structured quarterly instalments commencing from 30.06.2019 |
| | | EMI Loans | Not Applicable |
| | | Non-EMI Loans | Repayable in 48 structured quarterly instalments commencing from 30.06.2019 with a door to door tenor of 13.5 years. Interest to be serviced as and when debited. |
| | | Door to Door maturity period | |

10. **Repayment Schedule:** (Term Loan 5)

Rs.in crores

| Financial Year | %age repayment | No. of Quarter | Per quarter | Per Annum |
|----------------|----------------|----------------|-------------|-----------|
| FY 19-20 | 4% | 4 | 4.07 | 16.29 |
| FY 20-21 | 5% | 4 | 5.09 | 20.36 |
| FY 21-22 | 5% | 4 | 5.09 | 20.36 |
| FY 22-23 | 8% | 4 | 8.14 | 32.58 |
| FY 23-24 | 8% | 4 | 8.14 | 32.58 |
| FY 24-25 | 10% | 4 | 10.18 | 40.72 |
| FY 25-26 | 10% | 4 | 10.18 | 40.72 |
| FY 26-27 | 10% | 4 | 10.18 | 40.72 |
| FY 27-28 | 10% | 4 | 10.18 | 40.72 |
| FY 28-29 | 10% | 4 | 10.18 | 40.72 |
| FY 29-30 | 10% | 4 | 10.18 | 40.72 |
| FY 30-31 | 10% | 4 | 10.18 | 40.72 |
| Total | | 48 | | 407.20 |

| | | | |
|----|---|--|---|
| 11 | Expiry Date | 31.03.2031 | |
| 12 | Mode of disbursement | Through current account / TRA with our bank | |
| 13 | Processing Charges/ Documentation Charges etc., | Type of Charge | Amount |
| | | Processing (Working Capital limits –Fund based & Non-fund based) | Not Applicable |
| | | Upfront Fee (Term loans) | 0.10 % of the loan amount plus applicable GST |
| | | Documentation Charges | Waived |
| | | Pre closure/pre payment charges (if applicable) | Waived |
| | | Commitment charges | Waived |
| | | Other charges if any | Waived except actual out of |

| | | (specify) | pocket expenses |
|----|-----------------------------------|--|-----------------|
| 14 | Other approvals required (if any) | <p>1. Accorded Approval for the following Disbursement mechanism at the time of each disbursement for the proposed Term Loan</p> <ul style="list-style-type: none"> ➤ The Corporation shall submit details of the Work IDs in respect of all the habitations proposed to be funded before release of the limits. ➤ After the bills pertaining to works undertaken and supplies made in respect of specific habitation are approved by PAO (Pay & Accounts office), the Corporation shall submit request letter for disbursement along with details of payments to be made in respect of expenditure covered under each Work ID. ➤ For First Disbursement, the Corporation shall submit to the leader Bank/ Bank administering TRA a request for disbursement along with details for release of 75.89% of the expenditure estimates from TRA.(Excluding IDC) ➤ At the time of seeking subsequent disbursements, the corporation shall: <ul style="list-style-type: none"> a. Submit along with the request letter, Utilization certificate for the expenditure incurred till date in the specific segments financed by us. b. Ensure that overall margin of 24.11% (including IDC) is maintained. ➤ In case of Expenditure already incurred towards Intra Village Distribution system, the corporation shall submit utilization certificate from Auditor along with request for reimbursement. However expenditure incurred post incorporation of the corporation shall only be considered for reimbursement. This shall be ensured by verifying the Govt. approval for expenditure, which should be post incorporation date of Corporation. <p>1. Accorded approval for standard operating procedure of Government of Telangana i.e. Transfer of all the disbursed amounts from bank to Treasury account with State Bank of India (Erstwhile SBH) subject to condition that the Corporation shall re-transfer the same to TRA account maintained with our Bank on same day.</p> <p>2. Continuation of Waiver of External Rating.</p> | |
| 15 | Terms and Conditions | As per Annexure-II | |

Annexure-II

TERMS AND CONDITIONS:

A. Specific terms and conditions:

Pre- disbursement:

1. An undertaking from an authorized official of Corporation to be submitted stating that term loan is not in lieu of or to substitute budgetary resources envisaged for the project as per RBI Master Circular - Loans and Advances – Statutory and Other Restrictions, clause 2.3.8.3.
2. Properly worded Resolution of the Board should be submitted for the borrowing now approved as well as for execution of documents and persons authorized for executing the Documents. It should be ensured that the Corporation is having necessary borrowing powers and do not violate any of the provisions of law.
3. The Company to undertake to utilize the funds for the purpose for which the subject loan has been sanctioned. There should not be any diversion for other purposes.
4. The Corporation to undertake that it shall obtain all the approvals required for implementation of the project. The undertaking to be signed preferably by an IAS official.
5. The Corporation to arrange for submission of Letter of Commitment / Government order from the finance department, Government of Telangana for contributing to 24.11% of the Project Cost (including IDC) as margin and continue the same till the entire outstanding with the bank is cleared.

6. The State Govt shall approve for the proposed borrowings, extending Govt guarantees along with approval of 24.11% of the project cost as their margin.
7. The release of the term loan will be subject to holding the guarantee for the full loan amount duly executed by Government of Telangana.
8. Approval of other issues is subject to similar approvals from all other consortium/Member banks
9. The corporation to undertake that the water usage for the project is and will be within the overall allocation made to the project.
10. For reimbursement of expenditure already incurred towards Intra Village distribution system, the company to submit the documents / CA certificate
11. Company to undertake that any cost reduction shall result in reduction of loan component. Also any cost escalation shall be met from the own funds.
12. Neither the concessional ROI nor the concessional charges (processing charges, upfront fees and other charges) shall be lower than that charged by any of the consortium members for the Term loan under consortium arrangement.
13. Inspection of the existing project will be carried out prior to disbursement of the term loan now approved
14. Declaration from an authorised official of the company should be submitted confirming that the loan amount presently approved shall be utilized only for intra village connectivity.
15. All the project receipts including water cess collected with respect to project segment financed by our Bank under sole lending should be routed through Escrow Account maintained with our Bank. Further, Authorized signatory should give an undertaking that the bank is empowered to collect the dues/arrears if any in the accounts from the ESCROW account at any point of time.
16. All the project receipts including water cess collected with respect to project segment financed by our Bank under consortium lending should be routed through Escrow Account maintained with our Bank/ other consortium member bank. Further, Authorized signatory should give an undertaking that the bank is empowered to collect the dues/arrears if any in the accounts from the ESCROW account at any point of time.
17. Letter from Corporation bank to be submitted for noting Vijaya Bank's exclusive charge on the project assets of Intra village work of SRSP-Balkonda-Nizamabad Segment and first pari-passu charge on the receivables of the said project. Further necessary reasons for not funding the Intra village work of SRSP-Balkonda-Nizamabad Segment to be submitted.

Other Conditions:

18. The Corporation shall submit a certificate regarding date of completion of segment before documentation and the same shall be documented as DCCO.
19. The Corporation shall obtain all the statutory and non statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.
20. Actual legal expenses incurred by the Lender for documentation, filing of charges, search report etc., shall be borne by the Corporation.
21. The Corporation to ensure that there are no inter-state disputes that affect the progress / implementation of the project.
22. The Corporation to ensure that necessary land is acquired for smooth implementation of the project.
23. The Corporation to ensure that project designs are approved by the competent authority.
24. If the amount of Interest During Construction (IDC) increases due to difference in actual draw down schedule the same shall be met by the Corporation and if the IDC decreases, the loan amount will be reduced proportionately. An undertaking to this effect shall be submitted.
25. It should be ensured that registration of charges with ROC for existing credit facility has been created
26. The corporation to give an undertaking that there is no inter-state disputes that effect the progress / implementation of the project.

::5::

27. End use of funds should be ensured as per purpose of the project.
28. The company to submit copies of sanction letters of all the participating lenders.
29. Other terms and conditions proposed by consortium/other Member Bank will mutatis mutandis be applicable to our sanction also.
30. All securities charged to the bank shall be comprehensively insured against all risk for the full value at the corporations cost with bank clause duly incorporated therein.
31. The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.
32. Audited financials of the company should be submitted.
33. Bank will have the right to examine at all times the borrower's book of accounts and to have the borrower's factories inspected, from time to time, by the officer(s) of the Bank and/ or qualified auditors and/or technical experts and or management consultants of the Bank's choice. Cost of such inspection shall be borne by the borrower.
34. The corporation will keep the bank informed of the happenings of any likely event likely to have substantial effect.

SMITA SABHARWAL
SECRETARY TO GOVERNMENT (RWS)(FAC)

SECTION OFFICER